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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JAY S. WALKER,
BRUCE SCHNEIER,
SANJAY K. JINDAL, and
DANIEL E. TEDESCO

Appeal 2009-007357
Application 09/694,191
Technology Center 3600

Decided: February 26, 2010

Before KENNETH W. HAIRSTON, HUBERT C. LORIN, and
ANTON W. FETTING, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

An oral hearing was held on Nov. 5, 2009.

STATEMENT OF THE CASE

Jay S. Walker, et al. (Appellants) seek our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 15, 18, 26-32, and 34-42. Claims 1-14, 16, 17, 19-25, and 33 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM-IN-PART and enter new grounds of rejection pursuant to 37 CFR § 41.50(b).¹

THE INVENTION

The “invention relates to a method and a device for generating a single-use, transaction-specific financial account number, thereby providing a high level of security for financial transactions, particularly credit card transactions.” Specification 1:4-8. The “invention provides a method and a device to facilitate secure electronic commerce, secure remote credit card purchases, and secure conventional credit card purchases wherein the customer is assured that the merchant or an intercepting third party cannot misuse any credit card information.” Specification 7:9-14.

The claims are divided between method claims 18, 26-32, 35-42, of which claims 18, and 35-37 are the independent claims, and apparatus claim

¹ Our decision will make reference to the Appellants’ Appeal Brief (“App. Br.,” filed Jun. 7, 2007) and Reply Brief (“Reply Br.,” filed May 28, 2008), and the Examiner’s Answer (“Answer,” mailed Mar. 28, 2008).

15. Claim 18, reproduced below, is illustrative of the subject matter on appeal.

18. A method, comprising:

providing a processing unit, wherein the processing unit is in communication with a central credit card processing system maintained by a credit card issuer;

inputting a second account identifier to said processing unit;

transmitting the second account identifier to the central credit card processing system for verification thereof;

receiving information from the central credit card processing system regarding authorization of a transaction based on said verification; and

outputting the information regarding authorization of the transaction,

wherein the second account identifier is an account identifier for use in place of a first account identifier and is specific to the transaction,

wherein the second account identifier does not include the entire first account identifier.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

| | | |
|---------|--------------|---------------|
| Zampese | US 6,014,650 | Jan. 11, 2000 |
| Bezos | US 5,727,163 | Mar. 10, 1998 |

The following rejections are before us for review:

1. Claims 35-42 are rejected under 35 U.S.C. §102(e) as being anticipated by Zampese.
2. Claims 15, 18, 26-32, and 34 are rejected under 35 U.S.C. §103(a) as being unpatentable over Zampese and Bezos.

ISSUES

The issue with respect to the rejection of claims 35-42 under 35 U.S.C. § 102(e) as being anticipated by Zampese is whether Zampese describes, expressly or inherently, a single-use credit card number having the same number of digits as an account number.

The issue with respect to the rejection of claims 15, 18, 26-32, and 34 under 35 U.S.C. § 103(a) as unpatentable over Zampese and Bezos turns on whether the combination of Zampese and Bezos would lead one of ordinary skill to a first and second identifier and the second account identifier “is an account identifier for use in place of a first account identifier and is specific to the transaction [and] [...] does not include the entire first account identifier” (claim 18).

There is also an issue as to whether the subject matter of claims 35 and 36 are directed to patentable subject matter under 35 U.S.C. § 102(e).

FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

The scope and content of the prior art

1. The method of claim 37 calls for receiving, at a terminal, a single-use credit card “in which the single-use credit card number has the same number of digits as the account number.”

2. Zampese relates to a method of preventing fraud and unauthorized purchases made over computer networks.
3. “The process begins by establishing an account for a potential purchaser, assigning the purchase account code 30, FIG. 2, and a plurality of secret transaction codes 32-37.” Zampese, col. 3, ll. 38-40.
4. When a purchase is made via a computer network, a “unique account code” is assigned to the purchaser along with [the] set of secret transaction codes associated with the unique account identifier; “each secret transaction code to be used once and only once for a single purchase with that transaction identifier” Zampese, col. 1, ll. 61-63. *See also* col. 2, ll. 17-48.
5. According to Zampese, “the purchaser may be issued a card 40 which includes the purchaser’s name 42, account code 20, secret transaction codes 32-37, and columns for the debit amount 44, credit amount 46, and the balance 48.” Col. 3, ll. 53-57.
6. Zampese discloses embodiments whereby the secret transaction codes (i.e., 32-37, Fig. 2) are provided by a random number generator and are supplied to the purchaser via a medium external to the computer network, e.g., via email. Col. 2, ll. 29-36.
7. “The account code [30, Fig. 2] may be forwarded to the purchaser over the internet.” Col. 3, ll. 41-42.
8. The process is effected by a database which, for each established account for a potential purchaser, includes the purchaser’s account code and a series of secret transaction codes. Col. 3, ll. 29-40.

9. In the context of making multiple purchases, Zampese explains the process this way:

For example, if the purchaser seeks a \$50.00 authorization for a purchase using first transaction code 32 (6789), FIG. 2 transmitted over the internet and then makes a \$30.00 purchase request using second transaction code 34 (101112), and even if both transactions codes are intercepted, their wrongful use will be detected since they are both automatically detected from the account manager's database after each purchase is made.

Zampese: Col. 4, ll. 20-27,

10. The Examiner appears to equate Zampese's "unique account code" (30, Fig. 2) to the claimed account number. Answer 3 ("the credit card number (account code, 30) is for use in place of an account number that identifies a credit card number").
11. The Examiner appears to equate Zampese's "secret transaction code" (one of 32-37, Fig. 2) to the claimed "single-use credit card number". Answer 3 ("the single-use credit card number (purchasers code and transaction code, 32), in which the single-use credit card number is for use only one time (transaction code 32-37, unique to each purchase).").
12. Relying on Fig. 2, the Examiner also states that "[Z]ampese discloses purchasers' code and transaction code 32, and transaction code 32-37 which is unique to each purchase. Therefore, the transaction code 32-37 is readable as a single-use credit card (or transaction code) for use only one time." Answer 9-10.
13. According to the Examiner, "Zampese further discloses a system in which the credit card number has the same number of digits as the account number (*see*, col. 1, [ll.] 20-35)." Answer 4. (In response to

the Appeal Brief, the Examiner further cited “col. 1 [ll.] 40-col 5 lines 39”. Answer 9.)

14. Bezos discloses a secure method for communicating credit card data when placing an order, whereby a purchaser first sends a partial credit card number and then

[a] telephone call is placed to the remote location to finalize the message by entering complete credit card data ... The complete credit card data is thus matched with and entered into the message in the database to finalize the message. . . . [T]he message places an order and/or opens an account to place future orders.

Bezos: Col. 2, l. 60 - col. 3, l. 2.

Any differences between the claimed subject matter and the prior art

15. The prior art does not expressly disclose a first and second identifier and the second account identifier “is an account identifier for use in place of a first account identifier and is specific to the transaction [and] does not include the entire first account identifier”. Claim 18.

The level of skill in the art

16. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of electronic commerce. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”) (*quoting Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

Secondary considerations

17. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Anticipation

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987).

Obviousness

Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’

KSR Int’l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham*, 383 U.S. at 17-18.

ANALYSIS

The rejection of claims 35-42 under 35 U.S.C. §102(e) as being anticipated by Zampese.

As we explain below, we find claims 35 and 36 are not directed to patentable subject matter. That finding is dispositive of the patentability of these claims. Accordingly, we do not reach the prior art rejection of claims 15, 19, and 20. *Cf. Ex parte Gutta*, 93 USPQ2d 1025, 1036 (Bd. Pat. App. & Int. 2009) (precedential):

As to these prior art rejections, our decision is dispositive with respect to patentability since (1) claims 1, 3-9, 11-14, 16-19, and 21-23 on appeal do not recite patent-eligible subject matter under § 101, and (2) we cannot determine the scope of claim 20. We therefore need not reach the question of whether claims 1, 3-7, 9, 11, 12, 14, 16, 17, and 19-23 would have been anticipated under § 102 and claims 8, 13, and 18 would have been obvious under § 103. *See Diehr*, 450 U.S. at 188; *Comiskey*, 554 F.3d at 973 (declining to reach obviousness rejection on appeal after concluding many claims were nonstatutory under § 101); *Bilski*, 545 F.3d at 951 n.1 (noting that § 101 is a threshold requirement and that Examiner may reject claims solely on that basis); *In re Rice*, 132 F.2d 140, 141 (CCPA 1942) (finding it unnecessary to reach rejection based on prior art after concluding claims were directed to nonstatutory subject matter). *See also In re Steele*, 305 F.2d 859, 862 (CCPA 1962) (supporting not presenting an art rejection when considerable speculation into the scope of the claim is required).

As to claims 37-42, we will reverse their rejection because we do not find that Zampese describes, expressly or inherently, the claim limitation “in which the single-use credit card number has the same number of digits as the account number”. Claim 37.

We do not find any mention of a single-use credit card number in the Zampese passages the Examiner relied upon. FF 12-15. Even if we

assumed *arguendo* that the Examiner was correct to find that the claim limitation “single-use credit card number” reasonably broadly encompasses Zampese’s “secret transaction codes” 32-37 in Fig. 2, Zampese nevertheless does not further describe the “secret transaction codes” (*i.e.*, “the single-use credit card number”) “has the same number of digits as the account number” as claim 37 requires.

We note that the Examiner appears to have construed the claim phrase “account number” so as to cover Zampese’s “unique account code” (30, Fig. 2). FF 12. Again, even if the Examiner’s construction is reasonable, Zampese does not further describe, expressly or inherently, the “secret transaction codes” (32-37, Fig. 2) (*i.e.*, “the single-use credit card number”) having the same number of digits as the “unique account code” (30, Fig. 2) (*i.e.*, the “account number”).

For the foregoing reasons, we will not sustain the rejection of claim 37 and dependent claims 38-42.

The rejection of claims 15, 18, 26-32, and 34 under 35 U.S.C. §103(a) as being unpatentable over Zampese and Bezos.

The Appellants argued claims 15, 26-32, and 34 as a group (App. Br. 24-30). We select claim 18 as the representative claim for this group, and the remaining claims 15, 26-32, and 34 stand or fall with claim 15. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

The Examiner found that Zampese discloses all the claim limitations but for “a system wherein the second identifier does not include the entire first account identifier.” Answer 6. According to the Examiner, “[h]owever, Bezos discloses or suggests a system wherein the second identifier does not include the entire first account identifier (see, abstract, summary of the

invention, col 6, lines 44-7 line 50).” Answer 6. The Examiner concluded that it would have been obvious to modify Zampese to include the Bezos second identifier and thereby reach the claimed method.

The Appellants argued that the combination of Zampese and Bezos fails to show “all of the features of any of independent Claims 15 and 18, which allow for authorization of second identifiers that do not include the entire first account identifier and are a single-use account identifier specific to a transaction.” App. Br. 31. The Appellants also argued that the combination of Zampese and Bezos fails to show “wherein the second identifier does not include the entire first account identifier and wherein the second identifier is a single-use account identifier specific to a transaction.” App. Br. 14. This latter argument is not persuasive as to error in the rejection because there is nothing in claim 18 which limits the scope of the second identifier to one which is a single-use account identifier specific to a transaction.

We now turn to the former argument.

The identifiers, as claimed, are reasonably broadly construed to cover any indication of an account. The claim does not limit the manner by which the account identifiers identify an account. Therefore, for example, an account identifier could be any number or code which identifies an account. Claim 18 requires two such identifiers: first and second identifiers.

The Examiner relied on Zampese’s disclosure of “secret transaction codes” 32-37 (Fig. 2) in support of finding that Zampese discloses a second account identifier. Answer 6. The Appellants have not challenged this finding. Nevertheless, it does appear that Zampese’s “secret transaction codes” identify an account. See FF 5. Accordingly, we take as accepted that

Zampese's disclosure of "secret transaction codes" corresponds to the second account identifier in the claim. It would appear to follow that, the Examiner interpreted the other Zampese account identifier - the purchase account code 30, *see* FIG. 2 - as corresponding to the first account identifier in the claim. Accordingly, given the broadest reasonable construction of claim 18, the first and second account identifiers would appear to cover Zampese's "secret transaction codes" and purchase account code, respectively.

Accordingly, the only question is whether one of ordinary skill in the art would have been led to modify Zampese's "secret transaction code" (i.e., the second account identifier) with one which does not include the entire purchase account code 30 (i.e., the first account identifier.)

The Examiner relied on Bezos as evidence of a second account identifier that does not include the entire first account identifier. Answer 6. We agree with that characterization of what Bezos discloses.

Bezos discloses a secure method for communicating credit card data when placing an order whereby a purchaser first sends a partial credit card number and then the complete credit card number. FF 14. The partial credit card number that Bezos discloses is a second account identifier - from the perspective of the full credit card number that is typically presented at the time of purchase. Furthermore, the Bezos partial credit card number is "for use in place of a first account identifier [i.e., the full credit card number] and ... does not include the entire first account identifier [i.e., the full credit card number]" (claim 18). The sending of the second identifier (i.e., the partial credit card number) upon placing the order also renders it "specific to the transaction" (claim 18).

Accordingly, we disagree with the Appellants that Bezos does not teach or teaches away “a second account identifier that could be authorized or for use in place of a first account identifier” App. Br. 32.

We should also point out that one of ordinary skill in the art would understand that Zampese’s “secret transaction code” could be used in place of the account identifier (see FF 9 which reproduces an example from Zampese describing transaction codes specific to a particular account). For security purposes, Zampese’s “secret transaction code” is necessarily different from the account identifier and therefore necessarily “does not include the entire account identifier” (claim 18).

Be that as it may, one of ordinary skill in the art given the Bezos technique would have been led to modify Zampese’s “secret transaction code” so as to use it in place of the account identifier and not include the entire account identifier as a way of adding another level of security. *Cf. KSR at 417* “[I]f a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. *Sakraida* and *Anderson's-Black Rock* are illustrative—a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.” We therefore agree with the Examiner’s legal conclusion of obviousness. Answer 6.

For the foregoing reasons, we do not find the Appellants have shown error in the rejection.

NEW GROUND OF REJECTION

Pursuant to 37 CFR § 41.50(b), we enter a new ground of rejection. We reject claims 35 and 36 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The issue is whether the subject matter of claims 35 and 36 is patent eligible under 35 U.S.C. § 101. Claims 35 and 36 are reproduced below:

35. A method comprising:

- receiving a product identifier that identifies a product,
 - in which the product is associated with a transaction;
- receiving a credit card number from a customer as payment for the transaction,
 - in which the credit card number is for use only one time,
 - in which the credit card number is for use in place of an account number that identifies a credit card account, and
 - in which the credit card number has the same number of digits as the account number;
- transmitting the credit card number for authorization of the transaction;
- receiving information indicating whether the transaction is authorized;
- and
- providing the product to the customer if the transaction is authorized.

36. A method comprising:

- receiving a product identifier that identifies a product,
 - in which the product is associated with a transaction;
- receiving a single-use credit card number from a cardholder,
 - in which the single-use credit card number is for use only one time,
 - in which the single-use credit card number is for use in place of an account number that identifies the cardholder, and
 - in which the single-use credit card number has the same number of digits as the account number;
- determining a transaction amount that is associated with the transaction;

after receiving the single-use credit card number from the cardholder, transmitting the single-use credit card number and the transaction amount to a credit card issuer for authorization of the transaction;

receiving information from the credit card issuer indicating whether the credit card account has sufficient credit available for the transaction; and providing the product to the customer based on the information from the credit card issuer.

The claims are nominally directed to processes. The test for determining whether a claimed process is a statutory process under §101 is the *Bilski* machine-or-transformation test, that is:

[T]he proper inquiry under § 101 is not whether the process claim recites sufficient “physical steps,” but rather whether the claim meets the machine-or-transformation test. [fn]25 As a result, even a claim that recites “physical steps” but neither recites a particular machine or apparatus, nor transforms any article into a different state or thing, is not drawn to patent-eligible subject matter. Conversely, a claim that purportedly lacks any “physical steps” but is still tied to a machine or achieves an eligible transformation passes muster under § 101.

In re Bilski, 545 F.3d 943, 961 (Fed. Cir. 2008) (en banc).

The claimed processes do not satisfy the transformation prong because the claimed subject matter does not transform any article into a different state or thing. “A claimed process is patent-eligible if it transforms an article into a different state or thing. This transformation must be central to the purpose of the claimed process.” *In re Bilski*, 545 F.3d at 962; *see also* 35 U.S.C.A. § 101

The claimed processes also do not satisfy the machine prong of the *Bilski* machine-or-transformation test. No machine or apparatus is recited.

Because the claimed processes do not pass the *Bilski* machine-or-transformation test, the processes as claimed are not patent-eligible processes under §101.

For the foregoing reasons, we reject claims 35 and 36 under 35 U.S.C. § 101 as being drawn to nonpatentable subject matter.

CONCLUSIONS

The rejection of claims 35-42 under 35 U.S.C. §102(e) as being anticipated by Zampese is not sustained.

The rejection of claims 15, 18, 26-32, and 34 under 35 U.S.C. §103(a) as being unpatentable over Zampese and Bezos is sustained.

We enter new grounds of rejection of claims 35 and 36 under 35 U.S.C. § 101.

DECISION

The decision of the Examiner to reject claims 15, 18, 26-32 and 34-42 is affirmed-in-part. We enter new grounds of rejection of claims 35 and 36 under 35 U.S.C. § 101.

This decision contains new grounds of rejection pursuant to 37 C.F.R. § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 C.F.R. § 41.50(b) also provides that the Appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

- (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected,

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or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner

- (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

AFFIRMED-IN-PART; 37 C.F.R. § 41.50(b)

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